

FILED
At Albuquerque NM

AUG 11 2009

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

MATTHEW J. DYKMAN
CLERK

UNITED STATES OF AMERICA,

Plaintiff,

vs.

BILL MELOT,

Defendant.

CRIMINAL NO. **09-CR-2258**

Count 1: 26 U.S.C. § 7212(a):
Attempted Interference with
Administration of Internal Revenue
Laws;

Count 2: 26 U.S.C. § 7201: Attempt to
Evade or Defeat Tax;

Counts 3-8: 26 U.S.C. § 7203: Willful
Failure to File;

Counts 9-15: 18 U.S.C. § 714m(a): False
Statements to the Department of
Agriculture.

Filed Under Seal

INDICTMENT

The Grand Jury Charges

At times relevant herein:

Introduction

1. **BILL MELOT** was a resident of Hobbs, New Mexico.
2. From in or about 1986 up to and including the date of this Indictment, **BILL MELOT** owned approximately 250 acres of land in Lea County, which he used to farm cash crops such as peanuts and wheat.
3. **BILL MELOT** intermittently owned and operated gas stations in Lea County, New Mexico, and elsewhere in the United States.

4. **BILL MELOT** has failed to file a personal tax return since tax year 1986.

5. **BILL MELOT** established a number of nominees to conceal his income and collect federal farm aid, including, but not limited to:

- a. ARM Trust
- b. BRM Trust
- c. CD Express, Inc.
- d. CD Express Trust
- e. CD Farms
- f. CD Properties, Inc.
- g. Cline Sales, Inc. d/b/a Sanger Fuel
- h. G.E.W., Inc.
- i. KLM Trust
- j. Leigh Corporation
- k. Melot Oil Company
- l. Q.F. Marketing, Inc.
- m. Suzanne Corporation

6. The Internal Revenue Service ("IRS") was an agency of the U.S. Department of the Treasury, which was responsible for determining, assessing, and collecting taxes for the United States.

7. The Commodity Credit Corporation ("CCC") was a public corporation operated by the Farm Service Agency, an agency of the U.S. Department of Agriculture. CCC was created to stabilize, support, and protect farm income and prices. CCC also helped maintain balanced and adequate supplies of agricultural commodities

and aided in their orderly distribution. As part of its mission, CCC made payments to farmers who grow crops such as wheat and peanuts.

Count 1

8. Paragraphs 1 through 7, above, are hereby incorporated by reference as if realleged and recited in full.

9. From in or about 1986 up to and including the date of this Indictment, in the District of New Mexico, and elsewhere, **BILL MELOT** did corruptly endeavor to impede the due administration of the Internal Revenue Code, by among other acts:

- (a) depositing or causing to be deposited gross receipts from his businesses to bank accounts titled in the names of nominees;
- (b) depositing or causing to be deposited cash in amounts of less than \$10,000 to avoid currency reporting requirements;
- (c) titling property in the names of nominees;
- (d) notarizing forged deeds to facilitate the transfer of property between these nominees;
- (e) maintaining a foreign bank account with Nordfinanz, a Swiss financial institution;
- (f) opening or causing to be opened bank accounts with false social security numbers ("SSNs") and fictitious employer identification numbers ("EINs")
- (g) providing a false SSN and a fictitious EIN to the CCC to collect over \$225,000 in federal farm subsidies;
- (h) operating several gas stations, including two gas stations in Lea County, in the names of nominees;
- (i) using dyed (*i.e.*, untaxed) diesel fuel for personal, non-agricultural purposes.

The acts committed in furtherance of the endeavor to corruptly interfere with the due administration of the Internal Revenue Code include, but are not limited to the following:

10. On or about February 19, 1992, **BILL MELOT** provided a false SSN, xxx-xx-1722, to renew his New Mexico Driver's License.

11. On or about April 22, 1992, **BILL MELOT** tendered a check from a Nordfinanz bank account for \$220,000 to purchase a gas station in Odessa, Texas.

12. On or about March 1, 1994, **BILL MELOT** purchased his current residence and 95 acres of surrounding property for \$208,000 and titled it in the name of Suzanne Corporation.

13. On or about January 30, 1996, **BILL MELOT** directed C.S. to sign a warranty deed and settlement for the purchase of 164 acres of agricultural property in Lea County in the name of Leigh Corporation.

14. On or about October 22, 1996, **BILL MELOT** signed a CCC Form 502EZ, Farm Operating Plan for Payment Eligibility, to apply for federal farm aid. The Form provided a false SSN, xxx-xx-1722 and stated (i) that **BILL MELOT** was a U.S. Citizen; and (ii) that **BILL MELOT** was leasing land from the Leigh Corporation.

15. On or about March 18, 1997, **BILL MELOT** provided a false SSN, xxx-xx-1722, to renew his New Mexico Driver's License.

16. On or about August 27 1997, **BILL MELOT** purchased the Quick Shop, a gas station/convenience store located on W. Stanolind Road in Hobbs, New Mexico, for \$30,000 in the name of CD Express, Inc.

17. On or about February 13, 1998, **BILL MELOT** opened account #xxx665 at Sundown State Bank in the name of CD Farms.

18. On or about the dates listed below, **BILL MELOT** deposited or caused to be deposited into Sundown State account #xxx665, funds in the amounts listed below drawn on a Nordfinanz bank account:

| | Date | Amount |
|-----|------------|-----------|
| (a) | 1/19/1999 | \$20,000 |
| (b) | 2/11/1999 | \$19,985 |
| (c) | 3/9/1999 | \$19,985 |
| (d) | 7/14/1999 | \$19,985 |
| (e) | 10/20/2000 | \$19,985 |
| (f) | 2/23/2001 | \$19,985 |
| (g) | 4/4/2003 | \$100,068 |

19. On or about March 30, 1999, **BILL MELOT** sent a letter to an IRS employee claiming to be a "non-resident alien (American) of the United States," and falsely claiming that he was not liable for any income taxes.

20. On or about July 26, 1999, **BILL MELOT** sent a letter to an IRS employee falsely claiming that he does not owe any income taxes.

21. On or about August 24, 1999, **BILL MELOT** sent a letter to an IRS employee falsely claiming that he does not owe any income taxes

22. On or about June 23, 2000, **BILL MELOT** provided a false SSN, xxx-xx-1722, to renew his New Mexico Driver's License.

23. On or about October 19, 2000, **BILL MELOT** opened or caused to be opened account #xxxxxx810 at First National Bank in Hobbs in the name of Totum Quick Shop.

24. On or about February 26, 2001, **BILL MELOT** used a false SSN, #xxx-xx-1722, to open or cause to be opened account #xx-xx-xxxxx745 at Pioneer Bank in his own name.

25. On or about November 1, 2001, **BILL MELOT** purchased a new Dodge Truck for \$24,000 and titled it in the name of BRM Trust.

26. On or about November 28, 2001, **BILL MELOT** used a fictitious EIN, #xx-xxx3128, to open or cause to be opened account #xx-xxxx7155 at Pioneer Bank in the name of KLM Trust.

27. On or about March 15, 2002, in response to a Notice of Federal Tax Lien, **BILL MELOT** sent a letter to the IRS falsely stating that he does not owe any federal income tax.

28. On or about May 14, 2002, **BILL MELOT** used a false SSN, #xxx-xx-1722, to open or cause to be opened account #xx-xx-xxxxx198 at Pioneer Bank in his own name.

29. On or about August 1, 2002, **BILL MELOT** used a false SSN, #xxx-xx-1722, to open or cause to be opened account #xxxxxx010 at First National Bank in **BILL MELOT** d/b/a CD Express.

30. On or about March 18, 2003, **BILL MELOT** used a fictitious EIN, xx-xxx3128, to open or cause to be opened account # xxxxxx701 at First National Bank in the name of KLM Trust.

31. On or about March 20, 2003, **BILL MELOT** signed a CCC Form 509, Direct and Countercyclical Program Contract, bearing a fictitious EIN, xx-xxx3128.

32. On or about March 31, 2003, **BILL MELOT** notarized a forged warranty deed transferring real property in Lea County from Leigh Corporation to KLM Trust.

33. On or about March 31, 2003, **BILL MELOT** caused to be signed a CCC Form 502D, Farm Operating Plan for Payment eligibility, bearing a fictitious EIN, #xx-xxx3128 and a false SSN and #xxx-xx-1722.

34. On or about April 22, 2003, **BILL MELOT** caused to be signed an AD Form 1026, Highly Erodible Land Conservation Certification, bearing a fictitious EIN, #xx-xxx3128.

35. On or about April 25, 2003, **BILL MELOT** caused to be signed a CCC Form 526, Payment Eligibility Average Adjusted Gross Income Certification, bearing a fictitious EIN, #xx-xxx3128.

36. On or about May 22, 2003, **BILL MELOT** caused to be signed a FSA Form 570, Waiver of Eligibility for Emergency Assistance, bearing a fictitious EIN, #xx-xxx3128.

37. On or about May 22, 2003, **BILL MELOT** signed or caused to be signed a FSA Form 237, Facsimile Signature Authorization and Verification, bearing a fictitious EIN, #xx-xxx3128.

38. On or about September 29, 2003, **BILL MELOT** signed two CCC Forms 509, each bearing a fictitious EIN, #xx-xxx3128.

39. On or about January 27, 2004, **BILL MELOT** signed two CCC Forms 509, each bearing a fictitious EIN, #xx-xxx3128.

40. On or about February 6, 2004, **BILL MELOT** caused to be signed a CCC Form 501B, Designation of "Permitted Entities", and a CCC Form 526, each bearing a fictitious EIN, #xx-xxx3128.

41. On or about July 30, 2004, **BILL MELOT** transferred title of a 2002 GMC Yukon from CD Express to KLM Trust.

42. On or about September 27, 2004, **BILL MELOT** opened or caused to be opened account #xxxxxxx91, at Western Commerce Bank in the name of Sanger Fuel.

43. On or about May 20, 2005, **BILL MELOT** signed a CCC Form 509, bearing a fictitious EIN, xx-xxx3128.

44. On or about February 8, 2006, **BILL MELOT** signed two CCC Forms 509, each bearing a fictitious EIN, #xx-xxx3128.

45. On or about May 1, 2006, **BILL MELOT** signed or caused to be signed a signature card for account #xxxxxxx91 at Western Commerce Bank in the name of Sanger Fuel.

46. On or about March 12, 2007, **BILL MELOT** signed two CCC Forms 509, each bearing a fictitious EIN, #xx-xxx3128.

47. On or about April 19, 2007, **BILL MELOT** signed or caused to be signed an AD Form 1026 bearing a fictitious EIN, #xx-xxx3128.

48. On or about May 13, 2008, **BILL MELOT** operated a commercial vehicle on Texas Highway 176 in Frankel City, Texas using dyed diesel fuel.

49. On or about June 14, 2008, **BILL MELOT** operated a commercial vehicle on U.S. Highway 180 in Seminole, Texas using dyed diesel fuel.

50. On or about July 9, 2008, **BILL MELOT** signed two CCC Forms 509, each bearing a fictitious EIN, #xx-xxx3128.

In violation of Title 26, United States Code, Section 7212(a).

Count 2

51. Paragraphs 1 through 7 and 10 through 50, above, are hereby incorporated by reference as if realleged and recited in full.

52. From in or about 1986 up to and including the date of the Indictment, in the District of New Mexico, **BILL MELOT**, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of America for the tax years and in the amounts set forth below, by, among other things,

using nominees and fictitious EINs and false SSNs to conceal his income, bank accounts, and ownership of assets.

| Tax Year | Tax Due and Owning |
|----------|--------------------|
| 1987 | \$1,771,408 |
| 1988 | \$2,749,234 |
| 1989 | \$4,980,600 |
| 1990 | \$2,701,859 |
| 1991 | \$1,669,427 |
| 1992 | \$2,019,019 |
| 1993 | \$2,601,553 |

In violation of Title 26, United States Code, Section 7201.

Counts 3 Through 8

53. Paragraphs 1 through 7, above, are hereby incorporated by reference as if realleged and recited in full.

54. That during the calendar years set forth below, **BILL MELOT**, had and received net earnings from self-employment in excess of \$400 and gross income in excess of the amounts set forth below; that by reason of such net earnings and gross income, he was required by law, following the close of the calendar years, and on or before the dates set forth below, to make an income tax return to the Internal Revenue Service Center set forth below, to a person assigned to receive returns at the local office of the Internal Revenue Service at Roswell, New Mexico, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return.

| Count | Calendar Year | Due Date | Gross Income Threshold | Service Center |
|-------|---------------|----------------|------------------------|--------------------|
| 3 | 2003 | April 15, 2004 | \$3050 | Austin, Texas |
| 4 | 2004 | April 15, 2005 | \$3100 | Austin, Texas |
| 5 | 2005 | April 17, 2006 | \$3200 | Fresno, California |
| 6 | 2006 | April 16, 2007 | \$3300 | Fresno, California |
| 7 | 2007 | April 15, 2008 | \$3400 | Fresno, California |
| 8 | 2008 | April 15, 2009 | \$3500 | Fresno, California |

In violation of Title 26, United States Code, Section 7203.

Counts 9 Through 15

55. Paragraphs 1, 2, 4, 5 through 7, 12-15, 22, 26, 30-40, 43-44, and 46-50 above, are hereby incorporated by reference as if re-alleged and recited in full.

56. That on or about the dates set forth below, **BILL MELOT**, did knowingly make and cause to be made, in the District of New Mexico, a false statement to the CCC for the purpose of obtaining for himself or another, money in the amounts set forth below, to wit, false CCC Forms 509 pertaining to Farm Nos. 957 and 959, which contained a fictitious EIN.

| Count | Date | Farm No. | Funds Received |
|-------|------------------|----------|----------------|
| 9 | May 20, 2005 | 959 | \$14,695 |
| 10 | February 8, 2006 | 957 | \$11,859 |
| 11 | February 8, 2006 | 959 | \$14,695 |
| 12 | March 12, 2007 | 957 | \$5,587 |
| 13 | March 12, 2007 | 959 | \$6,924 |
| 14 | July 9, 2008 | 957 | \$4,105 |
| 15 | July 9, 2008 | 959 | \$5,571 |

In violation of Title 15, United States Code, Section 714m(a).

A TRUE BILL:

/s/
FOREPERSON OF THE GRAND JURY

Assistant United States Attorney

08/06/09 2:26pm